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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000124

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TAGS: [PREL](#) [MASS](#) [MARR](#) [CH](#) [TW](#)

SUBJECT: PRESIDENT MA WELCOMES ARMS SALE, BUT OTHERS
QUESTION COST

Classified By: Director Bill Stanton for reasons: 1.4 b/d

¶1. (C) Summary: President Ma Ying-jeou has publicly welcomed the U.S. offer of \$6.4 billion in defensive weapons, and said it would boost his administration's confidence in dealing with China. The opposition also cautiously welcomed the package. Many politicians and media commentators, however, complained about the high cost of the weapons and argued that the failure to include the most sophisticated arms sought by Taiwan, particularly F-16 C/D fighters, raised questions about the U.S. commitment to Taiwan. Premier Wu Den-yih has publicly acknowledged concerns over the price, and one key legislative aide, warning that lawmakers might question cost increases for the Patriot missiles in particular, has urged the Ma administration and the United States to offer clear justifications for the pricing. Meanwhile, several political observers said they doubted the sale would bolster President Ma's precarious political standing because the news had been widely expected. End Summary.

MA HAPPY, BUT OTHERS GRUMBLE

¶2. (C) President Ma told local media on January 30 the U.S. weapons sale would help Taiwan defend itself and would give it a greater sense of confidence and security in developing relations with China. He was quoted as saying relations with the United States were firm and flourishing. Meanwhile, the spokesman for the opposition Democratic Progressive Party (DPP) told local media the party welcomed the U.S. decision to finally sell items initially requested by former President Chen Shui-bian.

¶3. (C) Still, many politicians and observers complained that the package excluded the most sophisticated weapons sought by Taiwan, especially F-16 C/D fighters, and came at a high price-tag. Some commentary argued that the package indicated a weakening -- not strengthening -- of ties with the United States. "Hardly any optimistic signs can be seen in (current) Taiwan-U.S. relations," lamented popular Apple Daily (circulation 530,000) columnist Antonio Chiang on February 1. A political cartoon appearing in the same edition showed an arms-dealing Uncle Sam telling Taiwan leaders he would not sell them sophisticated weapons out of fear the arms would wind up in the hands of mainland China, a reflection of perceived U.S. concerns about the perils of improved cross-Straits relations.

ANOTHER U.S. BEEF MOMENT IN THE LEGISLATURE?

¶4. (C) Winston Li, chief of staff of a key member of the

legislature's Defense and Foreign Affairs Committee, told PolOff he expected the package would clear the Legislative Yuan, which is dominated by the ruling Kuomintang (KMT) and must approve budgets for weapons procurement. Although the legislature had pre-approved the budget for the arms, it would have to okay any increase over the original prices. The Patriot missiles had come under particular scrutiny, Li said, because their cost had jumped by about US\$ 2.38 billion since Taiwan first requested the weapons in 2001. Li said the Ma administration would have to fully explain the cost increase to ensure public opinion did not turn against the sale, as it had in recent months about the import of certain U.S. beef products deemed risky to eat.

15. (C) Premier Wu Den-yih on January 31 responded to media questions about the cost of U.S. weapons by saying further calculations were needed. He said the administration would stick to the principle of acquiring necessary defensive weapons at reasonable prices; to do otherwise, he said, "would be foolish." DPP Acting International Affairs Director Hsieh Huai-hui, meanwhile, told PolOff that the party had yet to decide whether to make a major issue of the increased price, adding that she personally doubted the party would do so.

NO BIG PAYOFF FOR MA

16. (C) Television footage of President Ma returning from his trip to Central America and the Carribean, during which he

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stopped twice in California and was informed of the arms sale, showed him smiling broadly. Yet political analysts said they expected neither he nor his party would receive much of a boost from the sale, in part because it was widely expected by the public. They said Ma, whose approval rating in one recent poll was a lowly 23 percent, would have benefited more had the package included the F-16 C/Ds requested by Taiwan.

COMMENT: HELPING SELL THE SALE

17. (C) Despite President Ma's praise for the arms package, the risk remains that other politicians could raise doubts about the efficacy and the cost of the weapons. AIT will take every opportunity to explain to Taiwan audiences that the weapons for sale are equivalent to systems now fielded by the U.S. military. AIT also will heed Li's plea to help the Ma administration justify the current price tags, particularly for the Patriots. The Ma administration's failure to clearly explain the U.S. beef protocol to the public and to lawmakers was widely acknowledged as a main reason behind the Legislative Yuan's decision to defy the accord and ban imports of some of the U.S. beef products it covered.
STANTON